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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

GARY PIERCE – Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF:

THOMAS LAURENCE HAMPTON,
CRD #2470192, and STEPHANIE YAGER,
husband and wife;

TIMOTHY D. MORAN, CRD #2326078,
and PATRICIA MORAN, husband and wife;

PATRICK MORAN, CRD #1496354, and
KELLY MORAN, husband and wife; and

HAMPTON CAPITAL MARKETS, LLC,
an Arizona limited liability company,

RESPONDENTS.

DOCKET NO. S-20823A-11-0407

Arizona Corporation Commission

DOCKETED

NOV 02 2012

DOCKETED BY *DM*

NINTH
PROCEDURAL ORDER
(Grants Motion to Stay and
Vacates Pre-Hearing Conference)

BY THE COMMISSION:

On November 10, 2011, the Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) filed a Temporary Order to Cease and Desist (“T.O.”) and a Notice of Opportunity for Hearing (“Notice”) against Thomas Laurence Hampton and Jane Doe Hampton, husband and wife, and Hampton Capital Markets, L.L.C. (“HCM”), an Arizona limited liability company, (collectively “Respondents”) in which the Division alleged multiple violations of the Arizona Securities Act (“Act”) in connection with the offer and sale of securities in the form of stock or investment contracts.

The spouse (“Respondent Spouse”) of Respondent Thomas Hampton is joined in the action pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the marital community.

The Respondents were duly served with copies of the T.O and Notice.

On November 30, 2011, a request for hearing was filed on behalf of all Respondents who had been named in the November 10, 2011, T.O. and Notice.

1 On December 6, 2011, by Procedural Order, a pre-hearing conference was scheduled on
2 January 5, 2012. Subsequently, the Division filed a Motion to File Amended T.O. and Notice in
3 order to state the correct name of Mr. Hampton's spouse.

4 On December 12, 2011, the Division and Respondent filed a Joint Stipulation regarding the
5 Amended T.O. and Notice. Respondents had no objections to the filing of the Amended T.O. and
6 Notice to correct the name of Mr. Hampton's spouse (Stephanie Yager) and the parties stipulated that
7 Respondents' initial request for hearing filed November 30, 2011, would be applicable as to the
8 Amended T.O. and Notice. Additionally, the parties stipulated that Respondents' would have at least
9 30 days to file an Answer from the date of an Order which authorizes the filing of the Amended T.O.
10 and Notice.

11 On December 15, 2011, the Division was granted leave to file an Amended T.O. and Notice
12 as stipulated by the parties.

13 On January 5, 2012, at the pre-hearing conference, the Division and Respondents, Thomas
14 Hampton and HCM appeared through counsel. Counsel for Mr. Hampton and HCM indicated that he
15 did not represent Mr. Hampton's spouse, Stephanie Yager, and that Mr. Hampton's spouse would be
16 represented by separate counsel in the proceeding. The Division and Mr. Hampton and HCM were
17 conducting settlement discussions, but the Division indicated that it intended to further amend the
18 T.O. and Notice. In the interim, the Division requested that a status conference be scheduled in
19 approximately 90 days.

20 On January 6, 2012, by Procedural Order, a status conference was scheduled on April 26, 2012.

21 On February 6, 2012, counsel for Respondents, Thomas Hampton and HCM, filed a Motion to
22 Withdraw as counsel stating that he and his clients had a conflict which rendered his representation
23 "untenable," and that to disclose the reason would violate the attorney client privilege.

24 On February 9, 2012, by Procedural Order, counsel for Respondents, Thomas Hampton and
25 HCM, was granted leave to withdraw.

26 On April 24, 2012, the Division and Respondents filed a Joint Stipulation to Continue the
27 status conference scheduled on April 26, 2012, for at least 60 days because Mr. Hampton was
28 currently traveling outside of Arizona, and because the Division intended to file an Amended T.O.

1 and Notice.

2 On April 25, 2012, by Procedural Order, the status conference was continued to July 10, 2012.

3 On June 27, 2012, the Division filed a Motion to Amend the caption and Notice in the
4 proceeding, and requested that the status conference scheduled on July 10, 2012, be vacated. The
5 Division included a copy of the Amended Notice as Exhibit "A".

6 On July 6, 2012, the Division and Respondents, Mr. Hampton and HCM, filed a Joint
7 Stipulation to amend the caption and the Notice in this proceeding and to vacate the status
8 conference. Respondent Stephanie Yager had not yet signed the Joint Stipulation.

9 On July 9, 2012, by Procedural Order, leave to amend the caption and the Notice was granted
10 and the status conference was vacated.

11 On July 12, 2012, the Division filed the Amended Notice naming additional Respondents and
12 adding more allegations to the Notice. Additionally, the respective spouses were joined in the action
13 pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the respective
14 marital communities.

15 The additional Respondents were duly served with copies of the Amended Notice.

16 On August 6, 2012, Respondents Timothy D. Moran and Patricia Moran filed a request for
17 hearing.

18 On August 7, 2012, Respondents Patrick Moran and Kelly Moran filed a request for hearing.

19 On August 8, 2012, by Procedural Order, a pre-hearing conference was scheduled on August
20 21, 2012.

21 On August 20, 2012, Respondents Timothy and Patricia Moran filed a Motion to Stay
22 Proceedings based on what was termed "a reasonable fear of criminal prosecution" and requested
23 protection for Mr. Timothy Moran's constitutional rights under both the United States and Arizona
24 Constitutions.

25 On August 21, 2012, at the pre-hearing conference, the Division, Respondents Timothy
26 Moran and Patricia Moran and Respondents Patrick Moran and Kelly Moran were represented by
27 counsel. No appearances were made by Respondents Thomas Hampton, Stephanie Yager or HCM or
28 anyone on their behalf. Based on the August 20, 2012, motion filed by Timothy and Patricia Moran

1 to stay the proceeding, the parties who were present agreed that the pre-hearing conference should be
2 continued for at least 60 days. Counsel for the Division further indicated that the Division had not yet
3 had time to thoroughly review the pending Motion to Stay.

4 On August 22, 2012, by Procedural Order, another pre-hearing conference was scheduled on
5 November 8, 2012. It was also noted that although a request for a hearing was filed pursuant to
6 A.R.S. § 44-1972 and A.A.C. R14-4-306 for Respondent Stephanie Yager neither she nor an attorney
7 on her behalf had entered an appearance in subsequent proceedings. Additionally, Respondents
8 Patrick and Kelly Moran filed joinder in Respondents Timothy and Patricia Moran's Motion to Stay.

9 On August 24, 2012, Respondents Timothy and Patricia Moran filed an Answer and Motion
10 to Dismiss the Amended Notice. A key argument in support of the motion filed by Timothy and
11 Patricia Moran was the extremely vague nature of the allegations against Mr. Timothy Moran in the
12 Amended Notice.

13 On September 6, 2012, the Division filed its response to the Motion to Stay filed by Timothy
14 and Patricia Moran and the joinder of Patrick and Kelly Moran to the aforementioned motion. The
15 Division argued that the Motion to Stay should be denied because "there is no substantial prejudice to
16 any Respondent or their respective spouses by proceeding forward." The Division argues this point
17 despite the fact that an adverse order against the Moran Respondents could possibly subject them to a
18 substantial order of restitution and administrative penalties. The Division further does not take into
19 account the credible affidavits of two well-respected Arizona attorneys who both agree that
20 Respondent Timothy Moran is the subject of a United States Department of Justice federal criminal
21 investigation and that he faces a realistic threat of criminal prosecution.

22 On September 17, 2012, the Division filed its response to the Motion to Dismiss filed by
23 Respondents Timothy and Patricia Moran. In its response the Division argues that the Amended
24 Notice is sufficient to put Respondent Timothy Moran on notice of his alleged violations of the Act
25 and that the requirements of the Arizona Administrative Code ("A.A.C.") and the rules of the
26 Commission have been met. As a result, the Division argues that the Motion to Dismiss should be
27 denied. However, in concluding its response, the Division acknowledges that the Administrative Law
28 Judge ("ALJ") can order the Division to further amend the Amended Notice to add additional

1 allegations, if he determines the current allegations should be amended or supplemented.

2 On September 18, 2012, Respondents Timothy and Patricia Moran filed their reply in support
3 of their Motion to Stay in which it is argued that the test is whether there is a realistic threat of
4 criminal prosecution and not whether there is a pending criminal prosecution or whether a substantial
5 prejudice will result from the proceeding going forward.

6 On September 28, 2012, Respondents Timothy and Patricia Moran filed their reply in support
7 of their Motion to Dismiss in which it is argued that the Commission's rule A.A.C. R14-3-106(L) and
8 also A.R.S. § 41-1061(B)(4) both require the Division to state more succinctly in its Amended Notice
9 allegations which state in greater detail the charges against Mr. Moran to enable him to present a
10 defense.

11 Under the circumstances, Respondents Timothy and Patricia Moran's Motion to Stay which
12 was joined by Respondents Patrick and Kelly Moran should be granted and the pre-hearing
13 conference scheduled on November 8, 2012, should be vacated. The Motion to Dismiss will be taken
14 under advisement.

15 IT IS THEREFORE ORDERED that the **pre-hearing conference scheduled on November 8,**
16 **2012, is hereby vacated.**

17 IT IS FURTHER ORDERED that this proceeding shall be stayed until further Order.

18 IT IS FURTHER ORDERED that the Division shall file a revised Amended Notice which shall
19 supplement the allegations against Respondent Timothy Moran as stated in its response.

20 IT IS FURTHER ORDERED that the Division shall file a motion for a status conference to be
21 scheduled upon a change in the circumstances which caused the stay to be instituted herein.

22 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
23 Communications) applies to this proceeding as the matter is now set for public hearing.

24 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance
25 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
26 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
27 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
28 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the


Administrative Law Judge or the Commission.

IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.

IT IS FURTHER ORDERED that Respondent's request for discovery shall be taken under advisement.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 2nd day of November, 2012.


MARC E. STERN
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered this 2nd day of November, 2012 to:

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By: 
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